



COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR



PUBLIC FINANCE AND INVESTMENTS
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 432
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-7175 FAX: (213) 625-2249

MARK J. SALADINO

TREASURER AND TAX COLLECTOR

May 25, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**SALE OF NOTES FOR
THE NATURAL HISTORY MUSEUM FOUNDATION
(ALL DISTRICTS) (3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution of the Board of Supervisors of the County of Los Angeles approving the issuance and sale of tax-exempt Notes by the County, as a conduit issuer for the Los Angeles County Museum of Natural History Foundation, in a principal amount not to exceed \$14,000,000 to finance certain capital improvements for the Los Angeles County Museum of Natural History.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Adoption of the attached Resolution will authorize the County, as a conduit issuer on behalf of the Los Angeles County Museum of Natural History Foundation ("Foundation"), to issue up to \$14,000,000 in Notes to finance planning and other pre-development activities in connection with a possible future project to enhance the Natural History Museum facilities in Exposition Park ("Museum").

The Foundation has determined that a private placement of the tax-exempt Notes with Citigroup, the investment bank selected by the Foundation, is the most advantageous structure to finance their pre-construction capital expenditures in the more favorable tax-exempt market.

Implementation of Strategic Plan Goals

This action supports the Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County Departments and other related entities. It supports

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the Strategic Plan Goal of Fiscal Responsibility by facilitating the Foundation's ability to borrow at favorable tax-exempt rates to enhance public infrastructure in the County.

FISCAL IMPACT/FINANCING

None to the County. All debt will be paid by the Foundation.

FACTS AND PROVISIONS/ LEGAL REQUIREMENTS

The Foundation, a California nonprofit public benefit corporation, has requested the County to issue Notes on its behalf. The County is authorized, pursuant to Section 26227 of the Government Code, to establish County programs to fund projects deemed necessary to meet the social needs of its citizens. Section 147(f) of the Internal Revenue Code of 1986 requires that this transaction be approved by your Board as the governing body having jurisdiction over the area in which the project is located. Section 147(f) also requires that a Tax Equity and Fiscal Responsibility Act (TEFRA) hearing be held to give the public an opportunity to comment regarding the transaction. This hearing was duly noticed and held on May 24, 2005 in the Treasurer's office.

The Notes will be special limited obligations of the County. In accordance with Board policy regarding conduit financings, we have confirmed that the debt service on the Notes will be payable solely from the Foundation. The public benefit of this transaction will be the continuation and enhancement of natural history collections, research, educational programs, and exhibits.

The Foundation will continue with its preliminary planning, engineering, exhibit planning, and other activities that are not dependant on site control or California Environmental Quality Act (CEQA) approval for possible future additions and/or renovations to the Museum. These possible future projects are neither dependant on nor do they dictate the definition of the 1913 Building Project, which is subject to a separate approval and CEQA review process that will be submitted to your Board in the next few weeks.

The Foundation interviewed several investment banking firms with cultural and other nonprofit tax-exempt financing experience and selected Citigroup as the investment bank and lender for this transaction. The Foundation, in consultation with Citigroup and other advisors, determined that a private placement structure would provide the most efficient sale of the Notes, and we concur.

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not Applicable.

CONCLUSION

Upon approval of this Resolution, the Department will need two (2) originally executed copies of the adopted Resolution.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark J. Saladino", written over a horizontal line.

MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:zu
Board:Nat Hist Mus Bd Ltr

Attachments (3)

c: Chief Administrative Officer
County Counsel
Auditor-Controller
Museum of Natural History

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES APPROVING THE ISSUANCE AND SALE OF TAX-EXEMPT NOTES BY
THE COUNTY, AS A CONDUIT ISSUER FOR THE LOS ANGELES COUNTY MUSEUM
OF NATURAL HISTORY FOUNDATION, IN A PRINCIPAL AMOUNT NOT TO EXCEED
\$14,000,000 TO FINANCE CERTAIN CAPITAL IMPROVEMENTS TO THE
LOS ANGELES COUNTY MUSEUM OF NATURAL HISTORY

WHEREAS, the County of Los Angeles (the "County") proposes to issue, on a conduit basis, notes for the purpose of, among other things, enabling the Los Angeles County Museum of Natural History Foundation, a non-profit public benefit corporation organized under the laws of the State of California (the "Foundation") to finance certain capital improvements (the "Project") to the Los Angeles County Museum of Natural History (the "Museum"), and certain costs with respect thereto; and

WHEREAS, the buildings occupied by the Museum are owned by the County and are sited on land owned by the State of California and the City of Los Angeles; and

WHEREAS, the Museum is operated by the Foundation and the County for the benefit of the residents of the County; and

WHEREAS, to effect such financing, the County, the Foundation and Citigroup Global Markets, Inc. (the "Purchaser") will enter into a Note Purchase and Financing Agreement (the "Agreement"), under which the County will issue Tax-Exempt Revenue Notes, Series 2005 (the "Notes"), and the Purchaser will purchase such Notes from the County; and

WHEREAS, pursuant to the Agreement, the County will loan the proceeds of the Notes to the Foundation, and the Foundation will agree to repay such loan to the County (the issuance of the Notes and the use of the proceeds thereof to finance the Project being referred to herein as the "Transaction"); and

WHEREAS, the Foundation will apply the Note proceeds to the payment of pre-construction costs of certain capital improvements to the Museum; and

WHEREAS, the County is authorized pursuant to Section 26227 of the Government Code of the State of California (the "Act") to establish County programs to fund programs deemed by the Board of Supervisors of the County necessary to meet the social needs of the population of the County; and

WHEREAS, the County has determined that the financing of the Project is necessary to meet the social needs of the population of the County and is further authorized, pursuant to the Act, to finance the improvement of real property and furnishings to be owned or operated by any public agency or non-profit corporation; and

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the Transaction must be approved by the County because the Project is located within the territorial limits of the County; and

WHEREAS, the Board of Supervisors of the County (the "Board") is the elected legislative body of the County and accordingly is an "applicable elected representative" under Section 147(f) of the Code, which is required to approve the Transaction; and

WHEREAS, pursuant to Section 147(f) of the Code, a public hearing regarding the Transaction has been held following notice given, and now the Board desires to approve the Transaction.

NOW, THEREFORE, the Board of the County resolves as follows:

Section 1. The Board hereby finds that the operation of the Museum by the Foundation is necessary to meet the social needs of the population of the County, including but not limited to, the area of education. The Board further finds that it is in the best interests of the County and the general public to assist in the financing of the improvement of the real property constituting the Museum through this Transaction.

Section 2. The Board hereby approves the Transaction. It is the purpose and intent of the Board that this resolution constitute approval of the Transaction for purposes of Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located.

Section 3. The issuance of the Notes pursuant to the Act in an aggregate principal amount not to exceed \$14,000,000, with a term of not to exceed two years, plus any extension as contemplated in the Agreement, and a maximum interest rate not in excess of the maximum rate allowed by law is hereby approved. The Notes which shall be issued as provided in the form of the Agreement, as filed with this Board and by this reference incorporated herein, is hereby approved. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized and directed for and in the name of, and on behalf of the County, to execute and to deliver the Agreement, substantially in the form on file with this Board, with such changes therein as may be necessary or as they may approve, in their discretion, as being in the best interests of the County, such approval to be evidenced conclusively by the execution and delivery thereof. The Chair of the Board of Supervisors and the Treasurer are hereby authorized and directed to sign the Notes by use of their manual or facsimile signatures, and the Executive Officer-Clerk of the County Board is hereby authorized to affix the seal of the County thereto by facsimile impression thereof. The Notes, when so executed and sealed, are authorized to be delivered to the Purchaser.

The Notes shall be special limited obligations of the County payable solely from amounts received from the Foundation under the Agreement, and the County shall not be obligated to pay the Notes except from such amounts. The Notes shall not constitute an indebtedness of the County within any Constitutional or statutory debt limitation or restriction. Neither the faith and credit nor the taxing power of the County shall be pledged to the repayment of the Notes.

Section 4. The officers of the County are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including any certificates or documents necessary to establish the exemption from income tax of the interest on the Notes, which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the Transaction approved hereby.

Section 5. This resolution shall take effect immediately upon its passage.

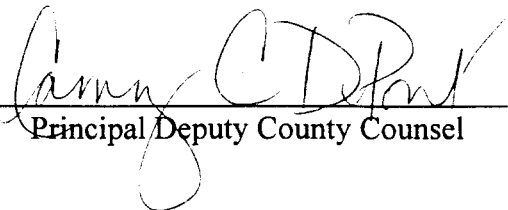
The foregoing resolution was on the ____ day of _____, 2005 duly adopted by the Board of Supervisors of the County of Los Angeles.

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the Board of
Supervisors of the County of Los Angeles

By: _____
Deputy

Approved as to form:

RAYMOND G. FORTNER, JR.,
County Counsel

By: 
Principal Deputy County Counsel

\$14,000,000
County of Los Angeles, California
Tax-Exempt Revenue Notes
Series 2005

NOTE PURCHASE AND FINANCING AGREEMENT

[Date]

County of Los Angeles, California
500 West Temple Street, Room 432,
Los Angeles, California 90012
Attention: Glenn Byers, Director of Public Finance & Investments

Los Angeles County Museum
of Natural History Foundation
900 Exposition Boulevard
Los Angeles, CA 90007
Attention: James Gilson, Vice President and General Counsel

The undersigned, Citigroup Global Markets Inc. (the "Purchaser"), offers to enter into this Note Purchase and Financing Agreement with the County of Los Angeles, California (the "Issuer") and the Los Angeles County Museum of Natural History Foundation (the "Borrower"), which, upon your acceptance hereof, will be binding upon the Issuer, the Borrower and the Purchaser. This offer is made subject to the acceptance of this Note Purchase and Financing Agreement by the Issuer and the Borrower and written delivery of such acceptance to the Purchaser at or prior to 1:00 P.M., California time, on the date hereof.

1. Issuance; Purchase and Sale of the Notes; Loan of Proceeds. The Issuer, subject to the terms and conditions hereinafter set forth, hereby agrees to issue \$14,000,000 aggregate principal amount of Tax-Exempt Revenue Notes, Series 2005 (the "Notes"). Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Purchaser hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Purchaser, all (but not less than all) of the Notes.

The Issuer hereby agrees, subject to the terms and conditions hereinafter set forth, to loan the proceeds of the Notes to the Borrower; and the Borrower hereby agrees to borrow such amount from the Issuer to finance certain pre-construction costs for the renovation and expansion of the Borrower's museum facilities (the "Project").

The purchase price to be paid by the Purchaser for the Notes shall be \$14,000,000, representing the principal amount of the Notes.

2. The Notes. The Notes shall be as described in, and shall be issued pursuant to the provisions of Section 26227 of the California Government Code, as amended, the Resolution of the Board of Supervisors of the Issuer, dated ___, 2005, the Resolution of the Board of Trustees of the Borrower, dated April 19, 2005 and this Note Purchase and Financing Agreement.

The Notes shall be dated their date of delivery and shall mature on [____], 2007 (the "Maturity Date"). The Borrower may, without incurring any fees or costs, not less than 30 day prior to the Maturity Date, request the Purchaser in writing to extend the Maturity Date for an additional period of up to three months; [provided that such request shall not cause any other extension of the Maturity Date]. If the Borrower shall make any such request, the Purchaser shall within 5 business days after receiving such request, notify the Borrower in writing whether or not it consents to such request, which consent shall be given or withheld in the Purchaser's sole and absolute discretion. Failure by the Purchaser to respond to such request shall constitute denial of the request.

The Notes shall bear interest initially at the effective Federal Funds rate as published by the Federal Reserve Bank of New York on the first business day of the month of closing plus 37 basis points. The rate will then reset as on the first business day of each month based on the Federal Funds rate rate plus 37 basis points. Interest will be payable quarterly on the first business day of April, July, October, and January ("Interest Payment Date") respectively with the first interest payment due on first Interest Payment Date after the Notes are issued.

The Notes are subject to redemption, in whole or in part, in a minimum amount of \$1,000,000, without penalty or premium, on any interest rate reset date at a redemption price equal to the principal amount of the Notes plus accrued and unpaid interest thereon to the date of redemption upon not less than 5 days prior written notice from the Issuer to the Purchaser. The Borrower shall give notice of prepayment of the loan made to it hereunder to the Issuer and the Purchaser not less than 5 days prior to the date of redemption of the Notes.

Interest on the Notes shall be computed on a twelve 30-day month/360-day year basis. The principal of the Notes shall be payable at maturity or upon early redemption. Both the principal of and interest on the Notes shall be payable in lawful money of the United States of America by wire transfer in immediately available funds from the Borrower made on behalf of the Issuer to the Purchaser.

The Borrower shall directly pay on behalf of the Issuer, as repayment of the loan made by the Issuer to the Borrower of the Note proceeds, all amounts, owed on the Notes on the dates such amounts are due on the Notes. The Borrower's obligation to make such payments is a full recourse general obligation of the Borrower and is not nor shall it become subordinate to any other obligation of the Borrower. The Issuer has no obligations to pay any amounts due on the Notes except as stated hereinbelow.

The Notes shall be a limited obligation of the Issuer, in which the Purchaser shall have no recourse against the Issuer for any amounts other than payments the Issuer may receive from the Borrower for payments of the loan and additional payments made by the Borrower to the Issuer pursuant to the terms hereof. The Issuer hereby pledges to the payment of the Notes and grants a

security interest in, for the benefit of the Purchaser, all loan payments and other amounts due from the Borrower.

3. Notes Constitutes Investment of Purchaser.

(a) The Purchaser has sufficient knowledge of and experience in financial and business matters, including purchase and ownership of municipal and other obligations of a nature similar to the Notes, to be able to evaluate the risks and merits of the investment represented by the purchase of the Notes.

(b) The Purchaser is acquiring the Notes for its own account and not with a view to, or for sale in connection with, any distribution of the Notes or any part thereof.

(c) The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the Notes or any part thereof, and has no present intention of reselling or otherwise disposing of the Notes.

(d) As a sophisticated investor, the Purchaser has made its own credit inquiry and analysis with respect to the Issuer, the Borrower and the Notes, and has made an independent credit decision based upon such inquiry and analysis. The Issuer and the Borrower have furnished to the Purchaser all the information which the Purchaser, as a reasonable investor, has requested of the Issuer and the Borrower as a result of the Purchaser having attached significance thereto in making its investment decision with respect to the Notes, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the Issuer, the Borrower and the Notes. The Purchaser is able and willing to bear the economic risk of the purchase and ownership of the Notes.

(e) The Purchaser is a “qualified institutional buyer” as defined in Regulation 230.144A of the Securities Act of 1933 or is an “accredited investor” pursuant to Regulation D (17 CFR Section 230.501(a)).

(f) The Purchaser understands that the Notes have not been registered with any federal or state securities agency or commission.

(g) Notwithstanding the foregoing, the Issuer and the Borrower agree that the Purchaser may sell and transfer the Notes in accordance with the terms hereof.

4. Restrictions on Transfer of Notes. The Notes shall be transferred only to a “qualified institutional buyer” as defined in Regulation 230.144a of the Securities Act of 1933 (“QIB”) or an “accredited investor” as defined in Rule 501(a)(i) of Regulation D promulgated under the Securities Act of 1933. In addition, each transferee shall certify to the Issuer and the Borrower as to each of the representations contained in Section 3 hereof.

5. Closing. At 10:00 a.m., California time, on ____, 2005, or at such other time or on such other date as shall have been mutually agreed upon by the Issuer, the Borrower and the Purchaser (the “Closing”), the Issuer will deliver to the Purchaser the Notes in the form attached hereto as Exhibit A, duly executed and authenticated, together with other documents hereinafter mentioned; and the Purchaser will accept such delivery and pay the purchase price thereof in

immediately available funds by wire transfer to such account with such financial institution as the Issuer shall designate. Immediately following receipt of the purchase price, the Issuer will loan the proceeds thereof by wire transfer in immediately available funds to such account with such financial institution as the Borrower shall designate.

6. Representations, Warranties and Agreements of the Issuer. The Issuer hereby represents, warrants and agrees with the Purchaser and the Borrower that:

(a) The Issuer is, and will be on the date of Closing, a political subdivision of the State of California (the "State") organized and operating pursuant to the Constitution and laws of the State with full power and authority to issue the Notes pursuant to the Act and to loan the proceeds thereof to the Borrower.

(b) At or prior to the Closing, the Issuer will have taken all action required to be taken by it to authorize the issuance and delivery of the Notes and the loan of the proceeds thereof to the Borrower.

(c) The Issuer has full legal right, power and authority to (i) execute and deliver this Note Purchase and Financing Agreement, (ii) execute and deliver the Tax Certificate substantially in the form of Exhibit B hereto (the "Tax Certificate"), (iii) perform its obligations under the Notes, this Note Purchase and Financing Agreement and the Tax Certificate, and (iv) carry out and effectuate the transactions contemplated by the Notes, this Note Purchase and Financing Agreement and the Tax Certificate.

(d) The execution and delivery of, and the performance by the Issuer of the obligations contained in, the Notes, this Note Purchase and Financing Agreement and the Tax Certificate have been duly authorized by the Issuer, and such authorization shall be in full force and effect at the time of the Closing.

(e) Assuming due authorization, execution and delivery by the other respective parties hereto, the Notes, this Note Purchase and Financing Agreement and the Tax Certificate each constitutes a valid and legally binding obligation of the Issuer, and the Issuer has authorized the consummation by it of all transactions contemplated by the Note, this Note Purchase and Financing Agreement and the Tax Certificate.

(f) Except as have been obtained, no consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any person, organization, court or government agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Notes, the loan of the proceeds thereof or the consummation of the other transactions effected or contemplated herein or hereby.

(g) The issuance of the Notes, the execution, delivery and performance of this Note Purchase and Financing Agreement, the Tax Certificate and the Notes, and compliance with the provisions hereof and thereof do not, in any material respect, conflict with or constitute on the part of the Issuer a violation of or default under the Constitution of the State of California or any other existing law, charter, ordinance, regulation, decree, order or resolution and do not, in any material respect, conflict with or result in a violation or breach of, or constitute a default under,

any agreement, indenture, mortgage, lease or other instrument to which the Issuer is a party or by which it is bound or to which it is subject.

(h) To the best of the Issuer's knowledge, no action, suit, proceeding, hearing or investigation is pending or threatened against the Issuer in which service of process has been completed: (i) in any way affecting the existence of the Issuer or in any way challenging the respective powers of the several offices or the titles of the officials of the Issuer to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Notes, the contemplated loan of the proceeds of the sale of the Notes, or the collection of the loan payments from the Borrower pledged or available to pay the principal of and interest on the Notes, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Notes, this Note Purchase and Financing Agreement or the Tax Certificate or contesting the powers of the Issuer or its authority with respect to the Notes, this Note Purchase and Financing Agreement or the Tax Certificate; or (iii) in which a final adverse decision could (A) materially adversely affect the operations of the Issuer or the consummation of the transactions contemplated by this Note Purchase and Financing Agreement or the Tax Certificate, (B) declare the Notes or this Note Purchase and Financing Agreement to be invalid or unenforceable in whole or in material part, or (C) adversely affect the exemption of the interest paid on the Notes from federal or California personal income taxation.

(i) Any certificates signed by any authorized officer of the Issuer and delivered to the Purchaser or the Borrower shall be deemed a representation and warranty by the Issuer to the Purchaser or the Borrower as to the statements made therein but not of the person signing the same.

7. Representations, Warranties and Agreements of the Borrower. The Borrower hereby represents, warrants and agrees with the Purchaser and the Issuer that:

(a) The Borrower is a non-profit public benefit corporation duly organized and validly existing and in good standing under the laws of the State of California. The Borrower has full legal right, power and authority to (i) execute and deliver this Note Purchase and Financing Agreement and the Tax Certificate (ii) perform its obligations under this Note Purchase and Financing Agreement and the Tax Certificate, and (iii) carry out and effectuate the transaction contemplated by this Note Purchase and Financing Agreement and the Tax Certificate.

(b) The execution and delivery of, and the performance by the Borrower of the obligations contained in, this Note Purchase and Financing Agreement and the Tax Certificate have been duly authorized by the Borrower by all necessary corporate action, and such authorization shall be in full force and effect at the time of the Closing.

(c) The execution, delivery and performance of this Note Purchase and Financing Agreement and the Tax Certificate and compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the Borrower a violation of or default under the Constitution of the State of California or any other existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or

constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the Borrower is a party or by which it is bound or to which it is subject.

(d) No order, consent, permit, authorization or approval or other action by, and no notice to or filing with, any governmental authority is required for the due execution, delivery and performance by the Borrower of this Note Purchase and Financing Agreement or the Tax Certificate, except as have been duly obtained or made and are in full force and effect.

(e) No action, suit, proceeding, hearing or investigation is pending or (to the knowledge of the Borrower) threatened against the Borrower: (i) in any way affecting the existence of the Borrower or in any way challenging the respective powers of the several offices or the titles of the officials of the Borrower to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Notes, the application of the proceeds of the sale of the Notes, or the payment of the loan payments due hereunder, or the pledge thereof to the payment of the Notes, or in any way contesting or affecting the validity or enforceability of the Notes, this Note Purchase and Financing Agreement or the Tax Certificate or contesting the powers of the Borrower or its authority with respect to this Note Purchase and Financing Agreement or the Tax Certificate; or (iii) in which a final adverse decision could reasonably be expected to (A) materially adversely affect the business, condition (financial or otherwise), operations or prospects of the Borrower or the consummation of the transactions contemplated by this Note Purchase and Financing Agreement or the Tax Certificate, (B) declare this Note Purchase and Financing Agreement to be invalid or unenforceable in whole or in material part, or (C) adversely affect the exemption of the interest paid on the Notes from federal or California personal income taxation.

(f) The audited financial statements of the Borrower for the most recently completed fiscal year ended September 30, 2004 (the "Submitted Financial Statements") fairly present the financial condition of the Borrower as of such date and the period ended on such date, were prepared in accordance with generally accepted accounting principles ("GAAP") in a manner consistently applied, and there has been no material adverse change in the financial condition of the Borrower since the date of the Submitted Financial Statements.

(g) This Note Purchase and Financing Agreement and the Tax Certificate each constitutes a valid and legally binding obligation of the Borrower enforceable against the Borrower in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(h) All information, reports and other papers and data with respect to the Borrower furnished to the Purchaser or its counsel by the Borrower were, taken in the aggregate and at the time the same were so furnished, complete and correct in all material respects. No fact is known to the Borrower which materially and adversely affects or in the future may (so far as it can foresee) materially and adversely affect the business, assets or liabilities, financial condition, results of operations of the Borrower, or any of its business prospects which has not been set forth in the financial statements referred to in paragraph (f) above or in such information, reports, papers and data or otherwise disclosed in writing to the Purchaser by the Borrower. When taken

in the aggregate, no document furnished or statement made by the Borrower in connection with the negotiation, preparation or execution of this Note Purchase and Financing Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein not misleading.

8. Covenants of the Borrower. So long as the Borrower shall have any obligation to pay any amount to the Issuer hereunder, the Borrower will, unless the Purchaser and the Issuer shall otherwise consent in writing:

(a) Preservation of Existence, Etc. Preserve and maintain its legal existence and all rights, privileges and franchises necessary and desirable in the normal conduct of its business and in the performance of its obligations under this Note Purchase and Financing Agreement and the Tax Certificate and not dissolve or otherwise discontinue its existence or operations.

(b) Maintenance of Status. Maintain at all times its status as a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the "Code").

(c) Compliance with Laws, Etc. Comply with any law, statute, ordinance, decree, requirement, order, judgment, rule or regulation (or interpretation of any of the foregoing) of, and the terms of any license or permit issued by, any governmental authority applicable in any material way to the Borrower and its property.

(d) Compliance With Material Obligations. Observe and comply with (i) all of its obligations arising in connection with this Note Purchase and Financing Agreement and (ii) all laws of the State of all other applicable laws, regulations, orders, writs, judgments or decrees of any court, arbitrator or governmental authority and any other mortgage, indenture, contract, agreement or undertaking to which it is a party of which purports to be binding on the Borrower or any of its assets, as though such obligations were set forth in full herein, noncompliance with which involves a reasonable likelihood that it would materially adversely affect the ability of the Borrower to perform its obligations under this Note Purchase and Financing Agreement.

(e) Payment of Taxes, Etc. Pay and discharge before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies, if any, imposed upon the Borrower, any of its property or its revenues, and (ii) all lawful claims that, if unpaid, might by law become a lien upon its property or its revenues; provided, however, that the Borrower shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment, governmental charge, or claim to the extent that the amount, applicability, or validity thereof shall currently be diligently contested in good faith by appropriate proceedings so long as such obligations are paid or discharged prior to forfeiture.

(f) Visitation Rights. At any reasonable time and from time to time, upon reasonable notice, during normal business hours and to the extent not prohibited by law, permit the Purchaser or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of the Borrower related to this Note Purchase and Financing Agreement, and visit the properties of the Borrower and to discuss the affairs, finances

and accounts of the Borrower with any of its officers. The Purchaser agrees to use reasonable efforts to ensure that any information obtained pursuant to this subsection which is not contained in a report or other document otherwise available to the public generally, to the extent permitted by law and except as may be required by valid subpoena or in the normal course of business operations, will be treated confidentially by the Purchaser and will not be distributed or otherwise made available by the Purchaser to any person or entity, other than its employees, authorized agents, legal counsel or representatives.

(g) Keeping of Books. Keep proper books of record and account, in which full and correct entries shall be made of all financial transactions relating to the Borrower, the Project and its revenues, in accordance with GAAP in a manner consistently applied.

(h) Maintenance of Properties, Etc. Maintain and preserve its property that is used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(i) Insurance. Maintain a standard commercial general liability insurance policy or policies in protection of the Borrower and its members, officers, agents and employees, providing for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury or death, or property damage occasioned by reason of the use or ownership of the property of the Borrower.

(j) Encumbrances & Liens. The Borrower shall not pledge, assign, grant any security interest in, allow any lien to exist against, or otherwise encumber in any manner whatsoever, its assets.

(k) Consolidation and Merger. The Borrower shall not consolidate with or merge into any person, or permit any other person to merge into it, or acquire (in a transaction analogous in purpose or effect to a consolidation or merger) all or substantially all of any other person.

(l) Reporting Requirements. Furnish to the Purchaser the following: (i) as soon as possible after becoming aware of the occurrence of an Event of Default continuing on the date of such statement, written notice from a Borrower setting forth details of such Event of Default and the action that the Borrower proposes to take with respect thereto; and (ii) as soon as practicable after they are available but in no event more than 270 days after the last day of each Fiscal Year, financial statements for such Fiscal Year, along with an audit report thereon prepared by an independent accountant, covering the operations of the Borrower for such Fiscal Year and containing a statement of financial position, statement of activities, and statement of cash flows, showing in each case in comparative form the financial figures for the preceding Fiscal Year.

(m) Use of Note Proceeds. Use or cause to be used the proceeds of the loan of the Note proceeds in accordance with the provisions of this Note Purchase and Financing Agreement and the Tax Certificate.

(n) Liquidity. Maintain unrestricted cash and investments equal to at least \$28 million, calculated as of each January 31 and July 31. The Borrower shall provide reports

of such calculation to the Purchaser no later than [5 days after such date], indicating the amount of unrestricted cash and investments in the categories of cash, fixed income securities and equities. In addition, Borrower shall provide monthly reporting of the amount of unrestricted cash and investments in the categories of cash, fixed income securities and equities to Purchaser.

(o) Tax Covenants. The Borrower and the Issuer shall comply with all provisions of the Tax Certificate.

(p) Punctual Payment. The Borrower will punctually pay or cause to be paid the principal of and interest on the loan of the Note proceeds made hereunder and all other amounts due hereunder and under the Note and all amounts owed by the Issuer to the Purchaser when and as due in strict conformity with the terms hereof.

(q) Amendments. The Borrower shall, upon the request of the Purchaser or Issuer, from time to time, execute and deliver amendments and other documents and instruments and take such further action as may be reasonably necessary to effectuate the provisions of this Note Purchase and Financing Agreement. Except to the extent it is exempt therefrom, the Borrower will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgement of such instruments of further assurance, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Note Purchase and Financing Agreement and such instruments of further assurance.

9. Events of Default. If any of the following events occur, the Purchaser may do one or more of the following: declare an Event of Default and exercise any of the remedies set forth herein.

(a) Failure by the Borrower to pay when due the principal amount of any loan repayment owed with respect to the Notes or failure by the Borrower to pay when due any interest, or other amounts when required to be paid hereunder and such failure shall remain unremedied for two (2) business days; or

(b) Any representation or warranty made by the Borrower or the Issuer in connection with this Note Purchase and Financing Agreement or the Tax Certificate shall prove to have been materially false when made or deemed made; or

(c) The failure of the Borrower to observe the covenants set forth in Section 8(a), (b), (k), (m), (n), or (p); or

(d) The failure of the Borrower or the Issuer to perform, observe, or comply with the covenants in this Note Purchase and Financing Agreement, which failure continues for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall have been given to the Borrower or the Issuer by the Purchaser; or

(e) Default by the Borrower of any amount due in respect of any debt owed by the Borrower to the Purchaser in any other agreement, and the continuance of such default

beyond any applicable grace period, or default by the Borrower of any amount due in respect of any other debt in an aggregate amount in excess of \$5,000,000, as and when the same shall become due, or default under any mortgage, agreement or other instrument under or pursuant to which such debt is incurred or issued, and the continuance of such default beyond any applicable grace period, or the occurrence of any act or omission by the Borrower under any such mortgage agreement or other instrument which results in such debt becoming immediately due and payable; or

(f) One or more judgments, decrees or orders for the payment of money, which is not subject to insurance (or for which the carrier has not affirmed coverage within the time required by the applicable policy, other than a routine reservation of rights) and for which adequate reserves have not been established in accordance with GAAP in a manner consistently applied, in excess of \$5,000,000 individually or \$20,000,000 in the aggregate in any fiscal year, shall be rendered against the Borrower and either (i) enforcement proceedings shall have been commenced by any creditor upon any such judgment, decree or order, or (ii) there shall be a period of sixty (60) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(g) The Borrower or the Issuer shall become or be the subject of any insolvency proceeding or shall file a petition or other pleading seeking an “order for relief” within the meaning of the United States Bankruptcy Code or shall file any petition or other pleading seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future law or regulation, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of the Borrower or the Issuer, or of substantially all of its assets, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(h) If a petition or other pleading shall be filed against the Borrower or the Issuer, seeking an “order for relief” within the meaning of the United States Bankruptcy Code or any reorganization, composition, readjustment, liquidation or similar relief under any present or future law or regulation and shall remain undismissed or unstayed for an aggregate period of sixty (60) days (whether or not consecutive), or if, by an order or decree of a court of competent jurisdiction, the Borrower or the Issuer shall become the subject of an “order for relief” within the meaning of the United States Bankruptcy Code or relief shall be granted under or pursuant to any such petition or other pleading, and such order or decree continues unvacated or unstayed, on appeal or otherwise, and in effect for a period of sixty (60) days; or if, by order or decree of such court, there shall be appointed, without the consent or acquiescence of the Borrower or the Issuer, a trustee in bankruptcy or reorganization or a receiver or liquidator of the Borrower or the Issuer, or of all or any substantial part of the property of the Borrower or the Issuer, and such order or decree continues unvacated or unstayed, on appeal or otherwise, and in effect for a period of sixty (60) days; or

(i) This Note Purchase and Financing Agreement or any Note, or any material provision thereof, shall cease to be valid on the Issuer or the Borrower, or this Note Purchase and Financing Agreement or any Note is declared null and void, or the validity or enforceability thereof is contested by the Issuer or the Borrower or any officer or member of the governing

body of the Issuer or the Borrower, or the Issuer or the Borrower wrongly denies it has any or further liability under this Note Purchase and Financing Agreement or the Notes.

10. Remedies Upon an Event of Default. If any Event of Default shall have occurred and be continuing, the Purchaser, may (a) give notice to the Borrower and the Issuer of the Purchaser's election to cause the acceleration of the Notes because of the occurrence and continuance of an Event of Default hereunder, which shall result in the principal of all of the Notes, and the interest accrued thereon, to be due and payable immediately, whereupon all other principal amounts outstanding hereunder, all such interest and all such other amounts shall become and be forthwith due and payable (provided that upon the occurrence of an Event of Default under Section 9(g) or (h) the principal of and interest on the Notes shall become immediately due and payable automatically and immediately without further notice or demand), without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower, and (b) exercise any and all rights and remedies provided herein, under the Related Documents, at law or in equity.

11. Conditions to Closing. The Purchaser has entered into this Note Purchase and Financing Agreement in reliance upon the representations and warranties of the Issuer and the Borrower contained herein and the performance by the Issuer and the Borrower of their respective obligations hereunder, both as of the date hereof and as of the date of the Closing. The Purchaser's obligations under this Note Purchase and Financing Agreement are and shall be subject, at the option of the Purchaser, to the satisfaction of the following further conditions at or prior to the Closing:

(a) The Notes, this Note Purchase and Financing Agreement and the Tax Certificate shall have been executed by the parties thereto.

(b) The representations and warranties of the Issuer and the Borrower contained herein shall be true, complete and correct in all material respects as of the date hereof and as of the date of Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Purchaser at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing, and the Issuer and the Borrower shall be in compliance with each of the agreements made by them in this Note Purchase and Financing Agreement.

(c) At the time of the Closing, (i) this Note Purchase and Financing Agreement and the Tax Certificate shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Purchaser; (ii) all actions under the Act which, in the opinion of counsel to the Issuer, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the Issuer and the Borrower shall perform or have performed all of their obligations required under or specified in the Tax Certificate or this Note Purchase and Financing Agreement, as applicable, to be performed at or prior to the Closing.

(d) No order, decree or injunction of any court of competent jurisdiction, nor any order, ruling or regulation of the Securities and Exchange Commission, shall have been issued or made with the purpose or effect of prohibiting the issuance, offering or sale of the

Notes as contemplated hereby, and no legislation shall have been enacted, or a bill favorably reported for adoption, or a decision by a court established under Article III of the Constitution of the United States rendered, or a ruling, regulation, proposed regulation or official statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or issued, to the effect that the Notes or any securities of the Issuer or of any similar body of the type contemplated herein are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect.

(e) At or prior to the date of the Closing, the Purchaser shall receive one copy of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Purchaser and its counsel:

- (i) A copy of the Resolution of the Board of Trustees of the Borrower.
- (ii) A copy of the Resolution of the Board of Supervisors of the Issuer.
- (iii) An approving opinion of Sidley Austin Brown & Wood LLP, as to the Notes, addressed to the Issuer.
- (iv) An opinion or opinions of counsel to the Issuer, addressed to the Issuer and the Purchaser, substantially to the effect that (A) the Tax Certificate, this Note Purchase and Financing Agreement and the Notes have been duly authorized, executed and delivered and are legal, valid and enforceable and in full force and effect and have not been modified, amended or rescinded, and (B) to the best of County Counsel's knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the Issuer or threatened against the Issuer affecting the corporate existence of the Issuer or the titles of its officers to their respective offices, or affecting the validity of the Notes or the transactions contemplated hereby or by the Tax Certificate.
- (v) An opinion of counsel to the Borrower, addressed to the Borrower and the Purchaser, substantially to the effect that (A) the Borrower is a 501(c)(3) corporation, (B) the Tax Certificate and this Note Purchase and Financing Agreement have been duly authorized, executed and delivered, and the Tax Certificate and this Note Purchase and Financing Agreement are legal, valid and enforceable and in full force and effect and have not been modified, amended or rescinded and (C) to the best knowledge of such counsel, there is no litigation, proceeding, action, suit or investigation at law or in equity before or by any court, governmental board or body, pending and served or overtly threatened in writing against the Borrower, contesting or affecting the validity of the Tax Certificate or the Note Purchase and Financing Agreement or the transactions contemplated by the Tax Certificate or hereby.

(vi) A certificate signed by appropriate officials of the Issuer to the effect that (A) the representations, agreements and warranties of the Issuer herein are true and correct in all material respects as of the date of Closing; and (B) the Issuer has complied with all the terms of this Note Purchase and Financing Agreement and the Tax Certificate to be complied with by the Closing and such documents are in full force and effect.

(vii) A certificate signed by appropriate officials of the Borrower to the effect that (A) the representations, agreements and warranties of the Borrower herein are true and correct in all material respects as of the date of Closing; and (B) the Borrower has complied with all the terms of the Tax Certificate and this Note Purchase and Financing Agreement to be complied with by the Closing and such documents are in full force and effect.

(viii) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Purchaser may reasonably request to evidence compliance (A) by the Issuer or the Borrower with legal requirements, (B) the truth and accuracy, as of the time of Closing, of the representations of the Issuer and the Borrower herein contained, and (C) the due performance or satisfaction by the Issuer and the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and the Borrower.

If the Issuer or the Borrower shall be unable reasonably to satisfy the conditions requested by the Purchaser to evidence compliance with the terms and conditions set forth in this Note Purchase and Financing Agreement, the Purchaser's obligation to purchase the Notes shall be terminated for any reason permitted by this Note Purchase and Financing Agreement, and this Note Purchase and Financing Agreement may be canceled by the Purchaser at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the Issuer and the Borrower in writing, or by telephone or telegraph confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the Issuer and the Borrower hereunder and the performance of any and all conditions contained herein for the benefit of the Purchaser may be waived by the Purchaser in writing at its sole discretion.

12. Conditions to Obligations of the Issuer and the Borrower. The performance by the Issuer and the Borrower of their obligations is conditioned upon (i) the performance by the Purchaser of its obligations hereunder, and (ii) receipt by the Issuer, the Borrower and the Purchaser of the opinions and certificates being delivered at the Closing by persons and entities other than the Issuer and the Borrower.

13. Expenses. The Borrower shall pay the expenses incident to the performance of its obligations hereunder from the proceeds of the loan of the Note proceeds (or from any other source of available funds of the Borrower), which expenses include, without limitation: (i) the cost of the preparation of the Notes, this Note Purchase and Financing Agreement, and the Tax Certificate and without limitation the other documents, agreements and certificates contemplated thereby; (ii) the fees and disbursements of counsel to the Borrower and counsel to the Purchaser; (iii) the costs of the preparation, printing and delivery of the Notes; and (iv) all out-of-pocket

expenses of the Purchaser (including fees and expenses of counsel to the Purchaser) incurred by it in connection with the issuance and sale of the Notes, irrespective of whether the Notes are issued and sold or the transactions contemplated hereby are consummated. **[Citigroup to provide expense limit]**

14. Yield Protection. The Borrower shall reimburse the Purchaser within thirty (30) days after demand for any break funding cost incurred or to be incurred by it in the reemployment of the funds released by any prepayment of amounts owed hereunder other than on an interest rate reset date. The Purchaser shall provide the Borrower a statement setting forth the amount of any break funding cost incurred or to be incurred by the Purchaser and shall show in reasonable detail the amount payable and the calculations used to determine in good faith such amount.

The Purchaser will use its best efforts to notify the Issuer and the Borrower within thirty (30) days of the Purchaser's obtaining knowledge of any event which will entitle the Purchaser to compensation pursuant to this Section; provided that the failure of the Purchaser to notify the Issuer and the Borrower within such thirty (30) day period shall not relieve the Borrower from any liability for payment of such compensation. A certificate of the Purchaser claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it shall be conclusive in the absence of manifest error.

15. Hold Harmless. (a) The Borrower hereby assumes liability for and hereby agrees that the Issuer and the Purchaser and their respective directors, members, officers, agents, affiliates and employees shall not be liable for, and agrees to defend, indemnify, protect, save, release and hold the Issuer and the Purchaser and their respective directors, members, officers, agents, affiliates and employees harmless from and against, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time arising from or incurred in connection with the issuance by the Issuer and the purchase by the Purchaser of the Notes, including, without limiting the generality of the foregoing, all claims arising from the breach by the Borrower of any of their respective covenants contained herein, and all causes of action and reasonable attorneys' fees (whether by reason of third party claims or by reason of the enforcement of any provision of this Note Purchase and Financing Agreement (including, without limitation, this Section)) and any other expenses incurred in defending any claims, suits or actions which may arise as a result of the foregoing, provided that any such losses, damages, liabilities or expenses of the Issuer or the Purchaser are not incurred on account of and do not result from the intentional or willful wrongdoing of the Issuer or the Purchaser or any of their respective directors, members, officers, agents or employees. The foregoing indemnities shall apply notwithstanding fault or negligence on the part of the Issuer or the Purchaser or any of their respective members, directors, officers, agents, affiliates or employees and irrespective of the breach of a statutory obligation or the application of any rule of comparative or apportioned liability. The foregoing indemnities are limited only to the extent of any prohibitions imposed by law, and upon the application of such prohibition by the final judgment or decision of a competent court of law, the remaining provisions of these indemnities shall remain in full force and effect. The indemnities contained in this paragraph shall survive the termination of this Agreement.

(b) Notwithstanding any other provisions of this Note Purchase and Financing Agreement, the obligations of the Borrower pursuant to this Section shall remain in full force and effect after the termination of this Note Purchase and Financing Agreement until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters herein described may be brought and payment in full or the satisfaction of such claim, cause of action or prosecution relating to the matters herein described and the payment of all reasonable expenses and charges incurred by the Purchaser, the Issuer or their respective members, directors, officers, agents and employees relating to the enforcement of the provisions herein specified.

16. Notices. Any notice or other communication to be given under this Note Purchase and Financing Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing (i) if to the Issuer or the Borrower, to the respective address set forth above; or (ii) if to the Purchaser, to the attention of Denis Curtin, Managing Director, Citigroup Global Markets Inc., 390 Greenwich Street, 2nd Floor, New York, New York 10013 (telecopy no. (212) 723-8944).

17. Parties in Interest; Survival of Representations and Warranties. This Note Purchase and Financing Agreement when accepted by the Issuer and the Borrower in writing as heretofore specified shall constitute the entire agreement among the Issuer, the Borrower and the Purchaser. This Note Purchase and Financing Agreement is made solely for the benefit of the Issuer, the Borrower and the Purchaser (including the successors or assigns of the Purchaser). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties, covenants and agreements of the Issuer and the Borrower in this Note Purchase and Financing Agreement shall survive until the payment in full of the unpaid principal and accrued interest on the Note, regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Purchaser, and (b) delivery of and payment by the Purchaser for the Notes hereunder.

18. Execution in Counterparts. This Note Purchase and Financing Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute one and the same document.

19. Applicable Law; Jurisdiction and Venue. This Note Purchase and Financing Agreement shall be construed in accordance with the laws of California and the County of Los Angeles without regard to its conflicts of law principles.

The Issuer, the Borrower and the Purchaser irrevocably (a) agree that any suit, action or other legal proceeding arising out of or relating to this Note Purchase and Financing Agreement shall be brought in the exclusive jurisdiction of the courts for the County of Los Angeles in the State of California, and (b) waive any objection which it may have to the laying of venue of any such suit, action or proceeding in any of such courts and any claim that any such suit, action or proceeding has been brought in an inconvenient forum.

20. Headings for Reference Only. Paragraph headings have been inserted in this Note Purchase and Financing Agreement as a matter of convenience of reference only, and it is agreed that such paragraph headings are not a part of this Note Purchase and Financing Agreement and

will not be used in the interpretation of any provisions of this Note Purchase and Financing Agreement.

21. [Setoff]. Upon the occurrence of an Event of Default, the Purchaser and its affiliates may, at any time and from time to time, without notice to the Borrower or any other person (any such notice being expressly waived), set off and appropriate and apply, against and on account of, any obligations and liabilities of the Borrower to the Purchaser or its affiliates arising under or connected with this Note Purchase and Financing Agreement, without regard to whether or not the Purchaser shall have made any demand therefor, and although such obligations and liabilities may be contingent or unmatured, any and all deposits (general or special, including but not limited to indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other indebtedness or other payment obligation at any time held or owing by the Purchaser or its affiliates to or for the credit or the account of the Borrower.] **[To Be Discussed]**

22. Amendments. No amendment or waiver of any provision of this Note Purchase and Financing Agreement nor consent to any departure by the Issuer or the Borrower from any such provision shall in any event be effective unless the same shall be in writing and signed by the Purchaser. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. In the event any agreement contained in this Note Purchase and Financing Agreement should be breached by the Issuer or the Borrower and thereafter waived by the Purchaser, such waiver shall be limited to the particular breach so waived for the specific period set out in such waiver and such waiver shall not constitute a waiver of such breach for any other period and shall not waive any other or similar breach hereunder.

23. Waivers. No failure on the part of the Purchaser to exercise, and no delay in exercising, any right under this Note Purchase and Financing Agreement shall operate as a waiver of such right; nor shall any single or partial exercise of any right under this Note Purchase and Financing Agreement preclude any other further exercise of such right or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

24. Successors and Assigns. This Note Purchase and Financing Agreement shall be binding upon and inure to the benefit of the Borrower, the Issuer, the Purchaser and their respective successors, endorsees and assigns, except that neither the Issuer nor the Borrower may not assign or transfer its rights or obligations hereunder (other than by merger or consolidation) without the prior written consent of the Purchaser. This Note Purchase and Financing Agreement is a continuing obligation and shall survive the maturity of the Notes.

Notwithstanding any other provisions of this Note Purchase and Financing Agreement, the Purchaser may at any time pledge or grant a security interest in all or any portion of its rights (including, without limitation, rights to payment under this Note Purchase and Financing Agreement) to secure obligations of the Purchaser to a Federal Reserve Bank, without notice to or consent of the Issuer or the Borrower.

[SIGNATURE PAGE FOLLOWS]

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

By: _____
Name: _____
Title: _____

The foregoing is hereby agreed to and
accepted as of the date first written above:

COUNTY OF LOS ANGELES, CALIFORNIA

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM;

RAYMOND G. FORNTER, JR.
COUNTY COUNSEL

By: _____
Principal Deputy County Counsel

LOS ANGELES COUNTY MUSEUM
OF NATURAL HISTORY FOUNDATION

By: _____
Name: _____
Title: _____

DEBT FINANCING

Resolution of the Board of Trustees of the Los Angeles County Museum of Natural History Foundation

WHEREAS, at its meeting of December 15, 2004 this Board delegated to the President of the Board and the Chairman of the Board the authority to negotiate and bring back to the Executive Committee and the Board for consideration the following financing instruments related to planning and possible future construction of the New Museum Building Project:

- A long-term tax exempt financing with net proceeds of approximately \$100 million available for the New Museum Building Project;
- Possible interim financing for the New Building Project, if needed, in the period before the \$100 million financing can be issued; and
- Possible hedge mechanism to potentially reduce the cost of borrowing in the event of an increase in interest rates in the period before the \$100 million financing can be issued.

WHEREAS, at this time the President of the Board and the Chairman of the Board recommends the following:

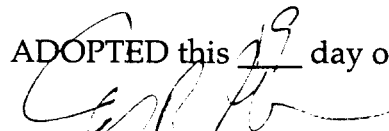
- A decision on implementing a long-term loan after approximately December 2006 be deferred until after the success of the "quiet phase" of the Foundation's fundraising campaign can be assessed;
- The Foundation enter into an interim tax exempt financing to pay for the continuation of planning activities related to the possible New Museum Building Project, including any preliminary planning for the possible Unit 1 and 2 (1920's Building) Renovation Project required for coordination with New Museum Building Project planning, and for preliminary 1913 Building Project exhibit planning; and
- Until the success of the "quiet phase" of the fundraising is better known, the Foundation not hedge against the risk of rising interest rates in light of the potential costs and risks of financial hedge mechanisms.

NOW, THEREFORE, BE IT RESOLVED, that:

1. Kevin Sharer and/or Richard Roeder, in their respective capacities as Chairman of the Board and President of the Board, are designated as the Authorized Officer(s) to negotiate and execute on behalf of the Foundation such terms and documents as are necessary to implement an interim financing on the following material terms as supplemented or modified in the discretion of the Authorized Officer(s):
 - Lender: Citigroup Global Markets, Inc., or affiliated company ("Citigroup");
 - Loan amount: Up to \$14,000,000, including up front and anticipated interest costs of borrowing;
 - Term: Initial term of two years, subject to pre-payment;

- Interest rate: variable tax exempt rate tied to Federal Funds Rate plus certain margin as necessary to close the transaction, reset monthly (April '05 rate: 3.15%); and
 - Either draws of funds periodically as required or full amount of loan to be borrowed up front with unused proceeds invested as legally permitted until needed.
2. The loan will be repaid out of one or more of the following sources, to be determined by Executive Committee and this Board:
- A long-term financing for the possible New Museum Building Project;
 - Fundraising that occurs during the term of the interim borrowing, to the extent that such fundraising may be used for that purpose; and
 - The Foundation's endowment.

ADOPTED this 19 day of April 2005.



James R. Gilson, Secretary